

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
Richmond Division

In re:)	Chapter 11
)	
THE FREE LANCE-STAR PUBLISHING CO.)	
OF FREDERICKSBURG, VA ¹)	Case No. 14-30315-KRH
)	
)	
Debtor.)	
)	
In re:)	Chapter 11
)	
WILLIAM DOUGLAS PROPERTIES, LLC ²)	
)	
Debtor.)	Case No. 14-30316-KRH
)	

**DEBTORS' MOTION FOR JOINT ADMINISTRATION OF RELATED
CHAPTER 11 CASES AND MEMORANDUM IN SUPPORT THEREOF**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors” and each a “Debtor”) hereby move the Court for the entry of an order, pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 1015-1, directing the joint administration of the Debtors’ chapter 11 cases, and, in support thereof, respectfully represent as follows:

Jurisdiction and Venue

1. On or about January 23, 2014 (the “Petition Date”), The Free Lance-Star Publishing Co. of Fredericksburg, VA Inc. and William Douglas Properties, L.L.C., commenced

¹ Debtor FLS’ address and TIN are as follows: 616 Amelia Street, Fredericksburg, VA 22401; 54-0216580.

² Debtor William Douglas’ address and TIN are as follows: 801 Hanover Street, Fredericksburg, VA 22401; 20-4012609.

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Proposed Counsel for the Debtors

their reorganization cases by each filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors are continuing in possession of their properties and are operating and managing their businesses, as a Debtors-in-Possession, pursuant to §§ 1107 and 1108 of the Bankruptcy Code

3. The Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

The Debtors' Business and Background

4. The Free Lance-Star Publishing Co. of Fredericksburg, Va. ("FLS" or "the Company") is a family-owned publishing, newspaper, radio and communications company located primarily in Fredericksburg, Virginia. William Douglas Properties, L.L.C. ("William Douglas") is a related entity that owns a portion of the land pursuant to which FLS operates certain aspects of its business.

5. For nearly 130 years, FLS has developed a reputation for integrity, credibility and innovation in the Fredericksburg region and the media industry. The Free Lance was first published in 1885 when a group of local Fredericksburg merchants and businessmen created the paper to serve the news and advertising needs of the community. In 1900, the company merged with The Daily Star and published two papers independently until 1926 when, under the leadership of Josiah P. Rowe Jr., they were combined into a single, six day a week newspaper: The Free Lance-Star. Rowe eventually became the owner and publisher of the newspaper.

6. The sons of Josiah P. Rowe, Jr., Charles S. Rowe and Josiah P. Rowe III, assumed the duties of co-publishers after their father's death in 1949. In 1997, upon Charles' retirement, the family of Josiah P. Rowe III purchased total ownership of the business. Florence C. Barnick and Nicholas J. Cadwallender, Associate Publishers (and Rowe family members), served as the

Company's leadership with Josiah P. Rowe III as President and Publisher. In 1998, The Free Lance-Star responded to changing lifestyles and regional growth by adding a Sunday edition and moving from afternoon to morning publication.

7. The Company diversified by expanding into radio broadcasting. WFLS-AM, the Company's first radio station, began on-air operation in 1960, WFLS-FM in 1961, and today WFLS-FM's country format is the region's radio powerhouse. The AM signal now broadcasts WNTX News, Talk, Sports. In 1994, WYSK (now WVBX) became the Company's second FM station. Situated in Spotsylvania County, its contemporary hits format is popular among younger listeners. To round out radio offerings, the Company purchased WWUZ Classic Rock, licensed to Bowling Green, in 2001. All four stations continue on the air today.

8. As the Company has grown to meet business and audience demand, its mission remained: to improve and connect the lives of the people in the communities it serves. Indeed, as the internet emerged in the mid-1990's, the Company developed a web presence under the name *FLStarWeb.com*. In 1999, the web address was changed to www.fredericksburg.com, and it has become the premier news, advertising and community portal for the region.

9. In 2006, the Company developed plans to diversify the portfolio of offered services by significant expansion of the commercial printing business. Branch Banking and Trust ("BB&T") pursued the Company to be chosen as the lender and, in 2007, the Company borrowed \$50.8 million from BB&T. The Company designed and built a state-of-the-art printing facility that began operation in 2009. The building of the plant coincided with the worst recession since the Great Depression. Newspaper and radio advertising declined precipitously as businesses reduced their marketing budgets. Additionally, newspaper circulation revenue declined as many readers migrated to the internet for their news.

10. As early as 2009, with Print Innovators still under construction, it became

apparent the Company would not be in compliance with certain covenants of its loan agreement with BB&T and gave notice to BB&T of that fact. In December of 2011, the Company signed a forbearance agreement with BB&T. In 2011 Josiah P. Rowe III retired after 60 years as publisher, and Nicholas J. Cadwallender became President and Publisher, with Florence C. Barnick serving as Associate Publisher. The Company continued to make timely payments to BB&T even though revenue continued to decline. Efforts to restructure the business to become compliant with the loan covenants could not fully offset the continued revenue losses. These efforts included reducing employee head count by one third from 454 full and part-time employees in 2007 to 303 full and part-time employees at the end of 2013.

11. At BB&T's request, the Company, with the assistance of professional advisors, attempted to refinance the BB&T obligations. When this was not successful, the Company, also with the assistance of professional advisors, pursued a sale as a going concern. However, the Company and its advisors were not able to find a buyer at a price acceptable to BB&T. In late June of 2013 BB&T, with permission of the Company, sold its loan to DSP Acquisitions, LLC, a company operated by Sandton Capital Partners (collectively, "Sandton").

12. Sandton informed the Company that it wanted the Company to file a Chapter 11 bankruptcy case and sell substantially all of its assets pursuant to 11 U.S.C. § 363. Sandton also indicated that it desired to be the entity that obtained the Company's assets and, if it did obtain possession of the Company's assets, it would continue the Company's businesses.

13. With no better option available, the Company agreed to work with Sandton in connection with a Chapter 11 filing in an effort to maximize the value of its assets and in the hopes of providing a mechanism for the continuation of the Company's businesses and mission, which have developed over the past 129 years.

14. Unfortunately, there remain material disagreements on the implication of certain

facts. Consequently, the parties have been unable to agree on (i) Sandton's adequate protection and (ii) the appropriate impact of those facts in relation to a sale transaction.

Relief Requested

15. Bankruptcy Rule 1015(b) provides that, if two or more petitions are pending in the same court by or against a debtor and an affiliate, "the court may order a joint administration of the estates."

16. The joint administration of the Debtors' chapter 11 cases will permit the Office of the Clerk of the Court (the "Clerk's Office") to utilize a single general docket for these cases and combine notices to creditors of the Debtors' respective estates and other parties in interest. The Debtors anticipate that many notices, applications, motions, other pleadings and orders in these cases will affect both of the Debtors. Joint Administration will permit counsel for all parties in interest to include the Debtors' respective cases in a single caption on the documents that will be filed and served in these cases. Joint Administration also will enable parties in interest in each of the above-captioned chapter 11 cases to be apprised of the various matters before the Court in all of these cases.

17. In addition, the Debtors respectfully request that parties in interest be required to include only the Debtors' names and case numbers in the jointly administered caption in these cases. Further, for all pleadings, parties in interest should only be required to indicate in the caption that the pleading relates to "The Free Lance-Star Publishing Co. of Fredericksburg, Va., Inc." as indicated on Exhibit A attached hereto.

18. If motions, applications, orders or other pleadings relate only to one of the Debtors, parties in interest should clearly identify the specific Debtor involved in the text of the applicable Pleading.

19. Because these cases involve two (2) Debtors, the entry of an order of joint administration will reduce the volume of pleadings that otherwise would be filed with the Clerk's Office, render the completion of various administrative tasks less costly and minimize the number of unnecessary delays. To facilitate this reduction in pleadings and to ameliorate the burden on the Clerk's Office, the Debtors further seek relief from the requirement of Local Rule 1015-1(A) that, in a matter or proceeding involving all of the Debtors, "a sufficient number of copies [be provided to the Clerk] to be docketed and filed in all of the case files." As stated above, the Debtors anticipate a significant number of pleadings and other papers being filed in these chapter 11 cases, most of which will pertain to all Debtors. Compliance with this particular provision will result in significant additional expense to the estates and a tremendous burden on Court resources. Accordingly, the Debtors seek the Court's authorization to file only one pleading in the primary docket (presumed to be the The Free Lance-Star Publishing Co. of Fredericksburg, Va., Inc. docket).

20. Finally, because this is not a motion for the substantive consolidation of the Debtors' estates, the rights of parties in interest will not be prejudiced or otherwise affected in any way by the entry of an order directing the joint administration of the Debtors' chapter 11 cases. Before the Petition Date, the Debtors maintained separate books and records. The Debtors intend to continue to maintain separate books and records. Accordingly, there is and will continue to be distinct and ascertainable assets and liabilities of each Debtor.

Legal Authority

21. An order of joint administration relates to the routine administration of a case and may be entered by the Court in its sole discretion on an ex parte basis. Moreover, the entry of joint administration orders in multiple related cases such as these is common and generally noncontroversial.

22. For all of the foregoing reasons, the Debtors respectfully request the immediate entry of an order, pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1, providing for the joint administration of the Debtors' chapter 11 cases.

Notice

23. No trustee, examiner or creditors' committee has been appointed in these chapter 11 cases.

24. Notice of this Motion has been given to: (a) the Office of the United States Trustee; (b) the Debtors' 20 largest unsecured creditors, as identified in their chapter 11 petitions; (c) the Debtors' known secured creditors; (d) any known legal counsel for the Debtors' secured creditors; and (e) all parties requesting service of pleadings in these cases. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

WHEREFORE, the Debtors request that the Court enter an order, substantially in the form attached hereto as Exhibit B: (i) authorizing the joint administration of the above-captioned chapter 11 cases; (ii) directing that only the legend "The Free Lance-Star Publishing Co. of Fredericksburg, VA Inc., et al.," be included in the caption for pleadings filed in such cases; (iii) approving the proposed forms of captions set forth on Exhibit A attached hereto; (iv) authorizing parties to file one pleading in The Free Lance-Star Publishing Co. of Fredericksburg, VA Inc. docket for matters affecting the Debtors; and (v) granting such other and further relief as the Court may deem appropriate under the circumstances.

THE FREE LANCE-STAR PUBLISHING CO.
OF FREDERICKSBURG, VA and
WILLIAM DOUGLAS PROPERTIES, L.L.C.

By: /s/ Paula S. Beran
Proposed Counsel

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Proposed Counsel for the Debtors

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of January, 2014, a true and correct copy of the Debtors' Motion For Joint Administration Of Related Chapter 11 Cases And Memorandum In Support Thereof was served via electronic delivery and/or first-class mail, postage prepaid, to the Office of the United States Trustee, the Debtors' 20 largest unsecured creditors as identified in their chapter 11 petitions, the Debtors' known secured creditors, any known legal counsel for the Debtors' secured creditors, and all parties requesting service of pleadings in these cases (all as listed on Schedule A attached hereto).

/s/ Paula S. Beran

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[Proposed Form of Caption]

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THE FREE LANCE-STAR PUBLISHING CO.)	
OF FREDERICKSBURG, VA ¹ <u>et al.</u> ,)	Case No. 14-30315-KRH
)	
)	
Debtors.)	

[TITLE OF PLEADING OR OTHER DOCUMENT]

¹ Debtor FLS' address and TIN are as follows: 616 Amelia Street, Fredericksburg, VA 22401; 54-0216580. Debtor William Douglas' address and TIN are as follows: 801 Hanover Street, Fredericksburg, VA 22401; 20-4012609.

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In re:)	Chapter 11
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WILLIAM DOUGLAS PROPERTIES, LLC ²)	
)	
Debtor.)	Case No. 14-30316-KRH
)	

**ORDER DIRECTING JOINT ADMINISTRATION
OF RELATED CHAPTER 11 CASES**

This matter came before the Court on the Debtors' Motion For Joint Administration Of Related Chapter 11 Cases And Memorandum In Support Thereof (the "Motion"). The Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) notice of the Motion and the Hearing was sufficient under the circumstances, (d) the Debtors are "affiliates" within the meaning of section

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101(2) of the Bankruptcy Code, 11 U.S.C. § 101(2), and (e) the joint administration of the Debtors' cases is appropriate pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Local Rule 1015-1; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; it is hereby ORDERED as follows:

1. The Motion is hereby GRANTED.
2. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.
3. The above-captioned chapter 11 cases are hereby administered jointly under Case No. 12-36584. A docket entry shall be made in each of the above-captioned cases substantially as follows:

“An order has been entered in this case directing the joint administration of the chapter 11 cases of The Free Lance-Star Publishing Co. of Fredericksburg, VA and its related entity, William Douglas Properties, L.L.C. The docket in Case No. 14-30315 should be consulted for all matters affecting these cases.”

4. Motions, applications, orders or other pleadings (collectively, “Pleadings”) relating to any and/or all of the Debtors are required to bear a caption in the form of the jointly administered caption set forth on Exhibit A attached hereto and incorporated herein by reference. For Pleadings that relate only to some of the Debtors, parties in interest are directed to clearly identify the specific Debtor or Debtors involved in the text of the applicable Pleading.

5. Upon entry the Clerk shall forthwith provide a copy of this Order to counsel for the Debtors, who shall serve (by electronic delivery, first class mail, postage prepaid or overnight delivery) copies of this Order on any of the following who have not otherwise received a copy of this Order through the Court's ECF option: the Office of the United States Trustee, the Debtors'

20 largest unsecured creditors as identified in their chapter 11 petitions, the Debtors' known secured creditors and any known legal counsel for the secured creditors.

Enter: / /2014.

UNITED STATES BANKRUPTCY JUDGE

I ask for this:

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Seen and not objected to:

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Assistant United States Trustee

CERTIFICATION

I hereby certify that, pursuant to Local Rule 9022-1, the foregoing proposed Order Directing Joint Administration of Related Chapter 11 Cases has either been served on January 23, 2014 by first-class mail, postage prepaid, and/or electronic delivery or endorsed by all necessary parties.

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